

# SENATE BILL 355

C5

(0lr0757)

## ENROLLED BILL

— Finance/Economic Matters —

Introduced by **Senators Pinsky, Della, Frosh, Harrington, Pipkin, Raskin, and Rosapepe** Rosapepe, Middleton, Garagiola, Exum, and Mooney

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

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Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

\_\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_\_ M.

\_\_\_\_\_  
President.

### CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 ~~Energy Companies – Net Energy Metering – Payment for Accrued Generation~~  
3 ~~Credit~~

4 Electricity – Net Energy Metering – Credits

5 FOR the purpose of ~~requiring that a certain net metering contract or tariff credit~~  
6 ~~electricity generated by certain eligible customer generators at certain rates~~  
7 ~~under certain circumstances~~; repealing a limitation on the period of time that a  
8 certain eligible customer-generator may accrue certain generation credit;  
9 repealing a limitation on the time that a certain electric company is required to  
10 carry forward a generation credit or a negative kilowatt-hour reading; requiring  
11 a certain electric company to carry forward a certain generation credit until  
12 certain events occur; repealing a provision relating to the reversion of a certain  
13 generation credit to a certain electric company; ~~requiring the amount of~~  
14 ~~generation credit that a certain electric company credits to a certain eligible~~

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#### EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

*Italics* indicate opposite chamber/conference committee amendments.



1 ~~customer-generator to be at certain rates under certain circumstances;~~  
 2 requiring certain generation credit to appear on an eligible  
 3 customer-generator's bill in a dollar amount; requiring a certain electric  
 4 company to reimburse a certain generation credit under certain circumstances;  
 5 clarifying the manner in which net energy produced or consumed is measured;  
 6 making technical changes; altering a certain definition; defining a certain term;  
 7 requiring the Public Service Commission to adopt certain regulations, after  
 8 taking certain items into consideration, by a certain date; requiring the  
 9 Commission to report to certain persons and certain legislative committees on  
 10 certain matters by a certain date; requiring a certain technical working group to  
 11 consider certain matters; providing for the effective dates of this Act; and  
 12 generally relating to net energy metering and ~~the~~ payment for accrued  
 13 generation credit.

14 BY repealing and reenacting, with amendments,  
 15 Article – Public Utility Companies  
 16 Section 7–306  
 17 Annotated Code of Maryland  
 18 (2008 Replacement Volume and 2009 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
 20 MARYLAND, That the Laws of Maryland read as follows:

21 **Article – Public Utility Companies**

22 7–306.

23 (a) (1) In this section the following words have the meanings indicated.

24 (2) “Biomass” means “qualified biomass” as defined in § 7–701 of this  
 25 title.

26 (3) “Eligible customer-generator” means a customer that owns and  
 27 operates, leases and operates, or contracts with a third party that owns and operates a  
 28 biomass, micro combined heat and power, solar, or wind electric generating facility  
 29 that:

30 (i) is located on the customer's premises or contiguous property;

31 (ii) is interconnected and operated in parallel with an electric  
 32 company's transmission and distribution facilities; and

33 (iii) is intended primarily to offset all or part of the customer's  
 34 own electricity requirements.

1           **(4) “GENERATION CREDIT” MEANS A CREDIT ASSOCIATED WITH**  
 2 **THE GENERATION OF ELECTRICITY PRODUCED IN EXCESS OF THE ELECTRICITY**  
 3 **CONSUMED BY AN ELIGIBLE CUSTOMER-GENERATOR IN ONE BILLING PERIOD.**

4           ~~(4)~~ **(5)** “Micro combined heat and power” means the simultaneous or  
 5 sequential production of useful thermal energy and electrical or mechanical power not  
 6 exceeding 30 kilowatts.

7           ~~(5)~~ **(6)** “Net energy metering” means measurement of the difference  
 8 between the electricity that is supplied by an electric company and the electricity that  
 9 is generated by an eligible customer-generator and fed back to the electric ~~company~~  
 10 **GRID** over the eligible customer-generator’s billing period.

11           (b) The General Assembly finds and declares that a program to provide net  
 12 energy metering for eligible customer-generators is a means to encourage private  
 13 investment in renewable energy resources, stimulate in-State economic growth,  
 14 enhance continued diversification of the State’s energy resource mix, and reduce costs  
 15 of interconnection and administration.

16           (c) An electric company serving an eligible customer-generator shall ensure  
 17 that the meter installed for net energy metering is capable of measuring the flow of  
 18 electricity in two directions.

19           (d) The Commission shall require electric utilities to develop a standard  
 20 contract or tariff for net energy metering and make it available to eligible  
 21 customer-generators on a first-come, first-served basis until the rated generating  
 22 capacity owned and operated by eligible customer-generators in the State reaches  
 23 1,500 megawatts.

24           (e) (1) Except as provided in subsection (g) of this section, a net energy  
 25 metering contract or tariff shall be identical, in energy rates, rate structure, and  
 26 monthly charges, to the contract or tariff that the customer would be assigned if the  
 27 customer were not an eligible customer-generator.

28           ~~(2) (i) EXCEPT AS PROVIDED IN SUBPARAGRAPH (ii) OF THIS~~  
 29 ~~PARAGRAPH, A NET METERING CONTRACT OR TARIFF SHALL CREDIT~~  
 30 ~~ELECTRICITY GENERATED BY AN ELIGIBLE CUSTOMER-GENERATOR AT THE~~  
 31 ~~SAME RETAIL RATE THE ELIGIBLE CUSTOMER-GENERATOR PAYS FOR THE~~  
 32 ~~CONSUMPTION OF ELECTRICITY.~~

33           ~~(ii) FOR AN ELIGIBLE CUSTOMER-GENERATOR THAT IS~~  
 34 ~~SERVED ON A TIME-OF-USE TARIFF THAT HAS ELECTRICITY SUPPLY DEMAND~~  
 35 ~~CHARGES CONTAINED WITHIN THE ELECTRICITY SUPPLY PORTION OF THE~~  
 36 ~~TIME-OF-USE TARIFF, A NET METERING CONTRACT OR TARIFF SHALL CREDIT~~

~~1 ELECTRICITY GENERATED BY THE ELIGIBLE CUSTOMER-GENERATOR USING~~  
~~2 TIME OF USE RATES.~~

3 ~~[(2)] (3)~~ (i) A net energy metering contract or tariff may not  
 4 include charges that would raise the eligible customer-generator's minimum monthly  
 5 charge above that of customers of the rate class to which the eligible  
 6 customer-generator would otherwise be assigned.

7 (ii) Charges prohibited by this paragraph include new or  
 8 additional demand charges, standby charges, customer charges, and minimum  
 9 monthly charges.

10 (f) (1) The electric company shall calculate net energy metering in  
 11 accordance with this subsection.

12 (2) Net energy produced or consumed on a ~~monthly~~ **REGULAR** basis  
 13 shall be measured in accordance with standard metering practices.

14 (3) If electricity supplied by the grid exceeds electricity generated by  
 15 the eligible customer-generator during a month, the eligible customer-generator shall  
 16 be billed for the net energy supplied in accordance with subsection (e) of this section.

17 (4) If electricity generated by the eligible customer-generator exceeds  
 18 the electricity supplied by the grid, the eligible customer-generator shall be ~~required~~  
 19 ~~to pay~~ **BILLED** only customer charges for that month in accordance with subsection (e)  
 20 of this section.

21 (5) (i) An eligible customer-generator under paragraph (4) of this  
 22 subsection may accrue generation credit [for a period not to exceed 12 months].

23 (ii) The electric company shall carry forward [a negative  
 24 kilowatt-hour reading] **ACCRUED GENERATION CREDIT** until:

25 1. the eligible customer-generator's consumption of  
 26 electricity from the grid eliminates the credit; or

27 2. the [12-month accrual period under subparagraph (i)  
 28 of this paragraph expires] **ELIGIBLE CUSTOMER-GENERATOR HAS BEEN PAID BY**  
 29 **THE ELECTRIC COMPANY FOR ANY REMAINING CREDIT IN ACCORDANCE WITH**  
 30 **PARAGRAPH (6) OF THIS SUBSECTION.**

31 (iii) ~~1. EXCEPT AS PROVIDED IN SUBSUBPARAGRAPH 2~~  
 32 ~~OF THIS SUBPARAGRAPH, THE~~ **THE** AMOUNT OF THE GENERATION CREDIT  
 33 **SHALL BE CALCULATED AT THE** ~~SAME RETAIL RATE THE ELIGIBLE~~  
 34 ~~CUSTOMER-GENERATOR PAYS FOR THE CONSUMPTION OF ELECTRICITY.~~

1                                    ~~2. FOR AN ELIGIBLE CUSTOMER-GENERATOR THAT~~  
 2 ~~IS SERVED ON A TIME-OF-USE TARIFF THAT HAS ELECTRICITY SUPPLY DEMAND~~  
 3 ~~CHARGES CONTAINED WITHIN THE ELECTRICITY SUPPLY PORTION OF THE~~  
 4 ~~TIME OF USE TARIFF, THE AMOUNT OF THE GENERATION CREDIT SHALL BE~~  
 5 ~~CALCULATED USING TIME-OF-USE RATES~~ PREVAILING MARKET PRICE OF  
 6 ENERGY APPLICABLE TO THE ELECTRIC COMPANY IN THE PJM  
 7 INTERCONNECTION ENERGY MARKET, AS THAT MARKET MAY CHANGE FROM  
 8 TIME TO TIME.

9                                    (IV) THE GENERATION CREDIT SHALL APPEAR ON THE  
 10 ELIGIBLE CUSTOMER-GENERATOR'S BILL IN A DOLLAR AMOUNT.

11                                    (6) (I) BY WRITTEN REQUEST, THE ELIGIBLE  
 12 CUSTOMER-GENERATOR MAY ~~CHOOSE TO~~ RECEIVE PAYMENT FROM THE  
 13 ELECTRIC COMPANY FOR ANY ACCRUED GENERATION CREDIT THAT REMAINS  
 14 AT THE END OF:

15                                    ~~1. EACH CALENDAR QUARTER; OR~~

16                                    ~~2. EACH CALENDAR YEAR~~ A 12-MONTH PERIOD.

17                                    (II) ON WRITTEN REQUEST OF THE ELIGIBLE  
 18 CUSTOMER-GENERATOR UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH,  
 19 WITHIN 15 DAYS AFTER THE END OF ~~THE REQUESTED TIME PERIOD~~ A  
 20 12-MONTH PERIOD, THE ELECTRIC COMPANY SHALL PAY THE ELIGIBLE  
 21 CUSTOMER-GENERATOR FOR ANY ACCRUED GENERATION CREDIT REMAINING  
 22 AT THE END OF ~~THE REQUESTED TIME~~ A THE 12-MONTH PERIOD.

23                                    (III) [Any remaining] WITHIN 15 DAYS AFTER THE DATE THE  
 24 ELIGIBLE CUSTOMER-GENERATOR CLOSES THE ELIGIBLE  
 25 CUSTOMER-GENERATOR'S ACCOUNT, THE ELECTRIC COMPANY SHALL PAY THE  
 26 ELIGIBLE CUSTOMER-GENERATOR FOR ANY accrued generation credit REMAINING  
 27 at the [expiration of the 12-month accrual period under paragraph (5)(ii)2 of this  
 28 subsection:

29                                    (i) shall revert to the electric company; and

30                                    (ii) may not be recovered by the eligible  
 31 customer-generator] TIME THE ELIGIBLE CUSTOMER-GENERATOR CLOSES THE  
 32 ELIGIBLE CUSTOMER-GENERATOR'S ACCOUNT.

1 (g) (1) For an eligible customer-generator whose facility is sized to  
2 produce energy in excess of the eligible customer-generator's annual energy  
3 consumption, the Commission:

4 (i) may require the eligible customer-generator to install a dual  
5 meter that is capable of measuring the flow of electricity in two directions; and

6 (ii) shall develop a credit formula that:

7 1. excludes recovery of transmission and distribution  
8 costs; and

9 2. provides that the credit may be calculated using a  
10 method other than a kilowatt-hour basis, including a method that allows a  
11 dollar-for-dollar offset of electricity supplied by the grid compared to electricity  
12 generated by the eligible customer-generator.

13 (2) In determining whether to require an eligible customer-generator  
14 to install a dual meter under paragraph (1)(i) of this subsection, the Commission shall  
15 consider the generating capacity of the eligible customer-generator.

16 (h) (1) The generating capacity of an electric generating system used by  
17 an eligible customer-generator for net metering may not exceed 2 megawatts.

18 (2) An electric generating system used by an eligible  
19 customer-generator for net metering shall meet all applicable safety and performance  
20 standards established by the National Electrical Code, the Institute of Electrical and  
21 Electronics Engineers, and Underwriters Laboratories.

22 (3) The Commission may adopt by regulation additional control and  
23 testing requirements for eligible customer-generators that the Commission  
24 determines are necessary to protect public safety and system reliability.

25 (4) An electric company may not require an eligible  
26 customer-generator whose electric generating system meets the standards of  
27 paragraphs (2) and (3) of this subsection to:

28 (i) install additional controls;

29 (ii) perform or pay for additional tests; or

30 (iii) purchase additional liability insurance.

31 (5) An eligible customer-generator shall own and have title to all  
32 renewable energy attributes or renewable energy credits associated with any  
33 electricity produced by its electric generating system.

1 (i) On or before February 1 of each year, the Commission shall report to the  
2 General Assembly, in accordance with § 2-1246 of the State Government Article, on  
3 the status of the net metering program under this section, including:

4 (1) the amount of capacity of electric generating facilities owned and  
5 operated by eligible customer-generators in the State by type of energy resource;

6 (2) based on the need to encourage a diversification of the State's  
7 energy resource mix to ensure reliability, whether the rated generating capacity limit  
8 in subsection (d) of this section should be altered; and

9 (3) other pertinent information.

10 SECTION 2. AND BE IT FURTHER ENACTED, That, ~~on~~:

11 (a) On or before October 1, 2010, the Public Service Commission shall adopt  
12 regulations to implement the provisions of this Act, taking into consideration: (1) the  
13 technology available at each electric company; and (2) the appropriate value of  
14 generation credits.

15 (b) (1) In developing the regulations, the Commission shall convene a  
16 technical working group to address the metering and associated pricing mechanisms  
17 appropriate to net energy metering for various customer classes in the various service  
18 territories, including the advisability of and means to address credits associated with  
19 generation at different hours and seasons with appropriate metering equipment and  
20 appropriate mechanisms to aggregate generation and consumption of electricity across  
21 separate accounts in common ownership, whether on a kilowatt-hour or dollar basis.

22 (2) In developing its recommendations, the technical working group  
23 shall consider, among other matters:

24 (i) meter aggregation that allows the combination of readings  
25 from, and billing for multiple meters, with or without regard to the rate class on  
26 properties:

27 1. owned or leased and operated by an eligible  
28 customer-generator for agricultural and other uses; and

29 2. located within the service territory of a single electric  
30 company;

31 (ii) the transfer of generation credits or aggregation of generation  
32 by a not-for-profit eligible customer-generator between properties of the same or  
33 different rate classes that are owned, leased, or operated by the not-for-profit eligible  
34 customer-generator within a single service territory; and

1 (iii) 1. the availability of net energy metering to a  
2 municipality as an eligible customer-generator; and

3 2. the transfer of generation credits or aggregation of  
4 generation by a municipality between certain properties of the same or different rate  
5 classes that are owned, leased, or operated by the municipality within a single service  
6 territory.

7 (c) On or before January 1, 2011, the Commission shall report to the  
8 Governor and, in accordance with § 2-1246 of the State Government Article, the Senate  
9 Finance Committee and the House Economic Matters Committee on the  
10 recommendations of the technical advisory group and the regulations adopted under  
11 this section.

12 SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall  
13 take effect October 1, 2010.

14 SECTION 4. AND BE IT FURTHER ENACTED, That, ~~subject to~~ except as  
15 provided in Section 3 of this Act, this Act shall take effect July 1, 2010.

Approved:

\_\_\_\_\_  
Governor.

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President of the Senate.

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Speaker of the House of Delegates.